

# FISCAL NOTE

**Bill #:** HB0425                      **Title:** Citizens panel on state expenditures  
**Primary Sponsor:** Gallik, D                      **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$137,125	\$161,767
<b>Net Impact on General Fund Balance:</b>	(\$137,125)	\$(161,767)

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|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact<br><input type="checkbox"/> Included in the Executive Budget<br><input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns<br><input checked="" type="checkbox"/> Significant Long-Term Impacts<br><input type="checkbox"/> Needs to be included in HB 2 |
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## Fiscal Analysis

### ASSUMPTIONS:

1. This bill would create the Citizen's Panel on State Expenditures, to make recommendations to the Governor and the Legislature on ways to streamline state government operations and reduce state spending in ways that minimize negative impacts. The panel would be composed of 18 members from the private and public sectors, who would serve two-year terms.
2. The panel is assigned to the Department of Revenue for administrative purposes, as prescribed in MCA, 2-15-121. Under this statute, the Department would be required to provide staff for the panel; allocate office space as needed; direct and supervise the budgeting, record keeping, reporting and all related administrative and clerical functions related to the operation of the panel; and produce and distribute reports of the panel.
3. Panel members would be reimbursed for meeting expenses, including travel, accommodations, and meals as provided for in MCA, 2-18-501 through 504.
4. The Director of the Department of Revenue is required to convene the panel at least once each year, and as necessary to review revenue studies and provide comments prior to submittal of any revenue studies to the Governor or members of the Legislature.
5. The panel must meet at least once every year, but not more than once every other month. This fiscal note assumes that the panel will meet 6 times each year, each time for two days.
6. Because the bill does not provide for any specific effective or applicability dates, it is assumed that the bill is effective October 1, 2003; and that the panel must make its first recommendations by June 30, 2004. The panel will meet 4 times in fiscal 2004, each time for two days.
7. To provide expert research direction and services, and administrative services to the panel, the Department of Revenue will be required to hire one grade 18 research director, one grade 15 research analyst, and one

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(continued)

grade 10 secretary/clerk. These positions would be hired on October 1, 2003. Administrative expense for these positions totals \$114,045 in fiscal year 2004; and \$128,147 in fiscal year 2005.

8. Administrative costs to cover *travel, meals, and lodging* for the panel members for each 2-day meeting would be \$5,770. Total costs for these expenses in fiscal 2004 would be \$23,080 (four meetings) and total costs in fiscal 2005 would be \$34,620 (six meetings).
9. The costs in assumption 8 are based on information received from the Legislative Services Division, which indicate that the average cost for a 2-day meeting for the 12-member Revenue and Transportation Committee is \$3,845. Incorporated in figures are the assumptions that all 12 members will attend; that average round trip travel is 373 miles; and that 20% of the members will stay 3 days, and 80% will stay two days. Because the panel provided for in this bill consists of 18 rather than 12 members the cost per meeting is adjusted upwards by 150% ( $\$3,845 \times 1.5 = \$5,770$ ).

FISCAL IMPACT:

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
FTE	3.00	3.00

Expenditures:

Personal Services	\$90,023	\$119,210
Operating Expenses	6,622	8,937
Equipment	17,400	0
Reimbursements	<u>23,080</u>	<u>34,620</u>
TOTAL	\$137,125	\$161,767

Funding of Expenditures:

General Fund (01)	\$137,125	\$161,767
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$(137,125)	\$(161,767)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

No impact.

LONG-RANGE IMPACTS:

Administrative expenses paid from the general fund of about \$170,000 would continue in each fiscal year.